

The Labor Market Report

The Tennessee Department of Labor & Workforce Development

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Governor

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Commissioner

May 2006 Data

Education Study in Economic Report to the Governor

Special Points of Interest:

- Education Survey in 2006 Economic Report to the Governor
- Tennessee Historical Civilian Labor Force Series, 1976 to Present
- County Unemployment Rates
- Civilian Labor Force Summary
- State Unemployment Insurance Activities

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An Economic Report to the Governor is prepared annually by the staff of the Center of Business and Economic Research (CBER) at the University of Tennessee, Knoxville, in cooperation with the Tennessee departments of Finance and Administration, Economic and Community Development, Revenue, and Labor and Workforce Development. You can view the entire report at cber.bus.utk.edu. The following excerpts are from that report.

“The ever changing economy mandates improvements in the skills and education levels of Tennesseans. Tennessee stakeholders — including policymakers, educators, business and community leaders, and more — would benefit greatly if more Tennesseans recognized that education is critical not only to their own personal well being (through higher earnings and reduced welfare dependencies) but also to employers who require high-skilled, high-education workers. Higher levels of educational attainment would

also relieve some pressure on state and local government, by making business recruiting more fruitful, increasing tax dollars, and reducing crime costs. ... It is important to understand how highly Tennessee’s youth and adults value education. To assess attitudes, the office of the Tennessee Office of the Comptroller of the Treasury contracted with CBER to conduct two studies to measure Tennessean’s attitudes about education. ...

Survey Results

Most students have very high expectations for their educational attainment, with 64 percent expecting to obtain a bachelor’s degree or higher. Only 5 percent expect their education to stop with a high school diploma. Expectations are a bit higher for female students. Students attending private schools and students with exceptional grades also have higher expectations. ... Students from lower-income families are also less likely to pursue a college education, with 13 percent expecting to stop after high school. ... Among students planning

to attend college, nearly one-fourth say they would be the first in their families to do so. Students that say they lack support from parents or teachers also tend to have lower expectations for their educational attainment. ...

Among the students who do not plan to attend college, the biggest reason is simply that the student does not like school. Financial issues are also a major concern, with a combined 23 percent of respondents indicating that they won’t go because they want to earn money first, that it would cost them too much, or that it would cost their parents too much. ...

More than 80 percent of the parents expect their children to get college degrees. Among parents who are college graduates, that number exceeds 90 percent, and among parents with graduate or professional degrees, more than half expect their children to get advanced degrees as well. Expectations also increase for children with higher income parents. ... These high expectations by students *(Continued on Page 2)*

Education Study in Economic Report to the Governor

and parents are inconsistent with the reality that only 24 percent of Tennessee adults currently have a college degree. ...

Policy Issues

Today's economy challenges Tennessee's policymakers with an evolving labor market, characterized by sustained declines in manufacturing, the growth of other sectors like services, shifts in the occupation mix, and the aging of the workforce. The fact that Tennessee's workforce is not as well educated as in many neighboring states or the U.S. as a whole hampers the state's economic development prospects and places many at risk of losing ground relative to workers elsewhere. An education is a constitutionally provided right of every child in Tennessee, and our economic future depends on the state of Tennessee being strongly committed to providing high quality education. ...

Increasing the educational attainment of Tennessee's youth is an essential step in enhancing Tennessee's long-term economic potential. One way to expand participation in education may be to change some of the ingrained attitudes toward school and education that are held by young men and women across the state.

Young men generally have a more negative attitude about their school, their classes, and the value of education overall than young women, and they are less likely to plan for a college education ... One reason might be that men dominate occupations that often require lower levels of education such as farming, fishing, and forestry; construction and extraction; installation, maintenance, and repair; production, transportation, and material moving; and protective services, and women held half of all management, professional, and related occupations in 2004. ...

On the other hand, high school juniors and seniors (regardless of gender) who feel that they have a close relationship with and support from even one teacher or administrator at their school are more likely to plan to continue their education after high school. Creating an environment where teachers and administrators can support each of their students appears to be an important way to increase a child's desire to pursue postsecondary education.

Similarly—and at even greater levels—high school juniors and seniors who feel that they have support at home and who see the value of their high school curriculum for their future are more likely to plan to continue their education. In fact, students who report low support at home are **six times** more likely to say that education is **not** important to getting a job, having more job choices, and earning more money. Certainly, legislating parental involvement in their child's education is difficult, at best, but it is possible that improving adults' attitude about the value of education may also improve their children's attitude. ...

[However, for adults] the knowledge and skills gained through lifelong learning are critical not only to personal fulfillment but also to the economy as a whole. It is in the state's best interest to investigate ways to avoid the types of problems that are occurring now, where displaced workers from the textile and apparel industries find it difficult to transition into other employment because they are not prepared to operate in the new knowledge-based economy....

Adults most often cite three issues that challenge the education system overall or their own ability to pursue additional education: money, time, and job/career incentives. A close examination of the individual responses indicates that Tennesseans are often unaware of or not partici-

pating in existing programs that may assist them. ...

Based on the results of the survey, then, *information* is one key way to influence Tennesseans' attitudes about education and to improve their understanding of its value to their lives. To the extent that attitudes are reflected in behaviors, improving youth and adult attitudes about education should lead to increased participation in lifelong learning. The state's Passport to Opportunity public awareness campaign, announced in December 2005, takes a step toward accomplishing this goal. The Passport to Opportunity program, made possible through a grant from the Bill & Melinda Gates Foundation in partnership with the Southern Governors Association, the Southern Regional Education Board, and the Go Alliance, is designed to provide students and families with information, guidance, and other resources to help them plan for college, post-secondary training, or work. In addition to future-driven initiatives that focus on youth and their parents, the state might consider programs that would encourage businesses to increase participation in and provide incentives for continuing education efforts among employed adults, particularly employees working in low-wage jobs.

Improving the environments in schools and at home, providing information, and establishing partnerships with employers in the state are just three ways to tackle a very substantial problem; there are certainly other ways. It is evident, however, that to reverse the weaker economic growth that has perplexed the state during the past decade, the state needs to improve Tennesseans' attitudes about the value of education and then formulate an action plan for providing enhanced educational and lifelong learning opportunities to all of its citizens."

Statewide

HISTORICAL CIVILIAN LABOR FORCE

UNEMPLOYMENT RATES BY COUNTY*

(NUMBERS IN THOUSANDS)

MONTHLY DATA NOT SEASONALLY ADJUSTED

| Year and Month | Civilian Labor Force | | | | | | | Unemployed Number | Rate (%) |
|----------------|----------------------|------------|----------------------|--------------------|------------|---------|-------|-------------------|----------|
| | Total | Employment | Employed | | | | | | |
| | | | Total | Nonfarm Employment | | | | | |
| | | | **Manu- facturing | **Trade | **Services | | | | |
| 1976 | 1,860.8 | 1,745.6 | 1,575.4 | 486.1 | 339.5 | 240.5 | 115.2 | 6.2 | |
| 1977 | 1,939.0 | 1,816.7 | 1,648.1 | 507.5 | 357.2 | 254.5 | 122.3 | 6.3 | |
| 1978 | 1,983.7 | 1,866.2 | 1,737.0 | 526.0 | 379.1 | 270.7 | 117.5 | 5.9 | |
| 1979 | 2,040.5 | 1,918.5 | 1,777.3 | 524.7 | 388.7 | 285.4 | 122.0 | 6.0 | |
| 1980 | 2,071.6 | 1,920.1 | 1,746.6 | 502.1 | 379.7 | 291.0 | 151.5 | 7.3 | |
| 1981 | 2,123.1 | 1,927.6 | 1,775.4 | 506.9 | 379.9 | 304.4 | 195.5 | 9.2 | |
| 1982 | 2,141.2 | 1,891.5 | 1,703.0 | 466.7 | 380.5 | 313.1 | 249.7 | 11.7 | |
| 1983 | 2,188.2 | 1,932.4 | 1,719.0 | 468.6 | 389.9 | 323.4 | 255.8 | 11.7 | |
| 1984 | 2,233.5 | 2,026.4 | 1,812.0 | 497.1 | 413.3 | 344.3 | 207.1 | 9.3 | |
| 1985 | 2,255.7 | 2,070.0 | 1,867.8 | 492.4 | 435.3 | 360.2 | 185.7 | 8.2 | |
| 1986 | 2,291.3 | 2,110.7 | 1,929.8 | 490.5 | 452.1 | 384.7 | 180.6 | 7.9 | |
| 1987 | 2,324.1 | 2,166.5 | 2,011.6 | 497.4 | 477.2 | 408.9 | 157.6 | 6.8 | |
| 1988 | 2,333.6 | 2,197.2 | 2,092.1 | 511.9 | 495.6 | 440.3 | 136.4 | 5.8 | |
| 1989 | 2,364.9 | 2,241.3 | 2,167.2 | 524.5 | 508.4 | 467.2 | 123.6 | 5.2 | |
| 1990 | 2,401.1 | 2,269.0 | 2,193.2 | 493.4 | 379.1 | 611.0 | 132.1 | 5.5 | |
| 1991 | 2,425.4 | 2,266.0 | 2,183.6 | 480.3 | 373.0 | 626.7 | 159.4 | 6.6 | |
| 1992 | 2,479.5 | 2,316.7 | 2,245.0 | 492.8 | 374.1 | 664.8 | 162.8 | 6.6 | |
| 1993 | 2,543.3 | 2,391.6 | 2,328.5 | 502.8 | 382.5 | 709.8 | 151.7 | 6.0 | |
| 1994 | 2,645.7 | 2,511.1 | 2,423.0 | 513.8 | 398.4 | 751.4 | 134.6 | 5.1 | |
| 1995 | 2,718.0 | 2,574.0 | 2,498.9 | 518.0 | 412.6 | 795.0 | 144.0 | 5.3 | |
| 1996 | 2,758.4 | 2,611.0 | 2,533.3 | 501.5 | 420.9 | 814.3 | 147.4 | 5.3 | |
| 1997 | 2,788.3 | 2,640.0 | 2,584.0 | 498.0 | 430.5 | 849.7 | 148.3 | 5.3 | |
| 1998 | 2,811.7 | 2,685.2 | 2,638.4 | 498.6 | 437.1 | 875.7 | 126.5 | 4.5 | |
| 1999 | 2,838.7 | 2,722.1 | 2,685.3 | 494.7 | 443.6 | 900.8 | 116.6 | 4.1 | |
| 2000 | 2,871.5 | 2,756.5 | 2,728.9 | 488.1 | 447.5 | 930.9 | 115.0 | 4.0 | |
| 2001 | 2,859.7 | 2,728.5 | 2,688.3 | 454.2 | 446.6 | 921.5 | 131.2 | 4.6 | |
| 2002 | 2,883.4 | 2,733.7 | 2,664.4 | 428.5 | 438.7 | 938.0 | 149.7 | 5.2 | |
| 2003 | 2,892.0 | 2,727.5 | 2,667.5 | 414.1 | 440.8 | 950.3 | 164.5 | 5.7 | |
| 2004 | 2,897.0 | 2,739.0 | 2,706.1 | 411.8 | 447.5 | 978.7 | 158.1 | 5.5 | |
| 2005 | 2,909.6 | 2,747.6 | 2,743.7 | 408.6 | 456.4 | 1,005.3 | 161.9 | 5.6 | |
| 2006 | | | | | | | | | |
| January | 2,896.7 | 2,732.2 | 2,716.8 | 403.7 | 457.2 | 990.5 | 164.5 | 5.7 | |
| February | 2,896.8 | 2,736.1 | 2,731.5 | 404.3 | 456.0 | 997.2 | 160.8 | 5.5 | |
| March | 2,916.5 | 2,759.1 | 2,753.3 | 405.3 | 459.7 | 1,007.5 | 157.5 | 5.4 | |
| April (r) | 2,935.3 | 2,782.2 | 2,782.7 | 405.8 | 461.5 | 1,026.3 | 153.0 | 5.2 | |
| May (p) | 2,951.9 | 2,805.3 | 2,788.8 | 406.0 | 463.3 | 1,029.6 | 146.6 | 5.0 | |
| June | | | | | | | | | |
| July | | | | | | | | | |
| August | | | | | | | | | |
| September | | | | | | | | | |
| October | | | | | | | | | |
| November | | | | | | | | | |
| December | | | | | | | | | |

(r)=revised

**These industries not comparable to industry employment data before

(p)=preliminary

1990 because of change to NAICS coding system.

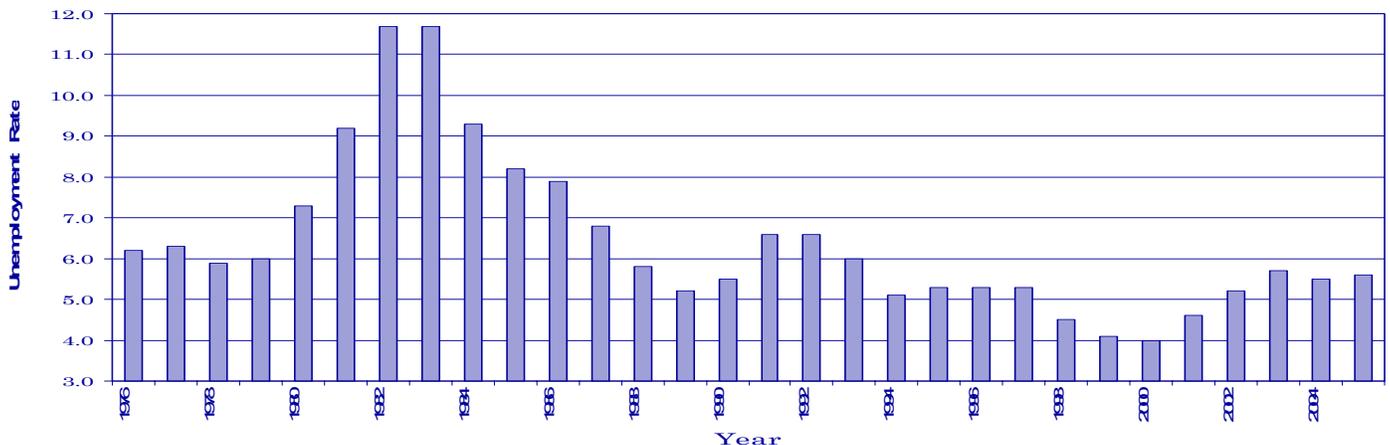
Trade = Wholesale and Retail Trade

Services = Professional/Business Services, Educational/Health Services, Leisure/Hospitality, and Other Services.

| County | May | May | County | May | May |
|------------|------|------|------------|------|------|
| | 2005 | 2006 | | 2005 | 2006 |
| Anderson | 5.1 | 4.6 | Lauderdale | 8.7 | 8.2 |
| Bedford | 4.7 | 4.7 | Lawrence | 7.4 | 11.5 |
| Benton | 8.0 | 6.7 | Lewis | 9.5 | 6.9 |
| Bledsoe | 7.2 | 7.0 | Lincoln | 4.5 | 4.1 |
| Blount | 4.1 | 3.8 | Loudon | 4.0 | 3.9 |
| Bradley | 5.1 | 4.8 | Macon | 6.1 | 7.4 |
| Campbell | 5.6 | 5.8 | Madison | 5.3 | 5.2 |
| Cannon | 4.7 | 4.9 | Marion | 6.2 | 5.8 |
| Carroll | 7.3 | 6.0 | Marshall | 5.6 | 6.1 |
| Carter | 5.5 | 4.6 | Maury | 5.6 | 4.7 |
| Cheatham | 4.3 | 3.9 | McMinn | 5.5 | 5.5 |
| Chester | 5.9 | 5.4 | McNairy | 6.1 | 6.4 |
| Claiborne | 5.1 | 5.2 | Meigs | 6.7 | 6.5 |
| Clay | 9.0 | 10.7 | Monroe | 5.5 | 5.4 |
| Coke | 6.9 | 6.5 | Montgomery | 4.8 | 4.5 |
| Coffee | 5.2 | 5.4 | Moore | 3.6 | 4.3 |
| Crockett | 7.6 | 6.6 | Morgan | 7.5 | 6.7 |
| Cumberland | 5.6 | 5.1 | Obion | 5.6 | 5.2 |
| Davidson | 4.6 | 4.2 | Overton | 5.4 | 5.5 |
| Decatur | 7.3 | 6.1 | Perry | 7.0 | 5.8 |
| DeKalb | 6.0 | 5.4 | Pickett | 7.6 | 6.9 |
| Dickson | 4.6 | 4.2 | Polk | 5.9 | 5.4 |
| Dyer | 6.1 | 6.0 | Putnam | 4.7 | 5.2 |
| Fayette | 5.4 | 4.9 | Rhea | 6.4 | 6.1 |
| Fentress | 6.7 | 5.8 | Roane | 5.6 | 5.1 |
| Franklin | 5.1 | 5.2 | Robertson | 4.8 | 4.4 |
| Gibson | 8.9 | 7.6 | Rutherford | 3.8 | 3.8 |
| Giles | 6.4 | 6.8 | Scott | 6.6 | 6.7 |
| Grainger | 5.5 | 5.1 | Sequatchie | 5.2 | 5.1 |
| Greene | 8.2 | 7.5 | Sevier | 4.9 | 4.6 |
| Grundy | 6.9 | 8.0 | Shelby | 6.2 | 5.6 |
| Hamblen | 5.6 | 5.8 | Smith | 6.1 | 5.6 |
| Hamilton | 4.7 | 4.4 | Stewart | 6.9 | 8.5 |
| Hancock | 8.9 | 7.3 | Sullivan | 5.3 | 4.3 |
| Hardeman | 7.8 | 7.1 | Sumner | 4.6 | 4.1 |
| Hardin | 6.9 | 6.4 | Tipton | 6.2 | 5.5 |
| Hawkins | 5.9 | 5.3 | Trousdale | 6.7 | 6.1 |
| Haywood | 7.9 | 6.3 | Unicoi | 5.7 | 5.1 |
| Henderson | 7.1 | 6.2 | Union | 5.1 | 4.4 |
| Henry | 6.9 | 6.8 | Van Buren | 7.9 | 8.0 |
| Hickman | 5.5 | 4.8 | Warren | 7.3 | 9.3 |
| Houston | 8.3 | 7.3 | Washington | 4.8 | 4.3 |
| Humphreys | 7.7 | 6.0 | Wayne | 11.8 | 10.4 |
| Jackson | 8.0 | 6.0 | Weakley | 6.1 | 5.8 |
| Jefferson | 5.1 | 5.0 | White | 9.0 | 8.9 |
| Johnson | 7.5 | 6.0 | Williamson | 3.5 | 3.1 |
| Knox | 4.1 | 3.8 | Wilson | 4.3 | 4.1 |
| Lake | 8.0 | 7.1 | | | |

*Data Not Seasonally Adjusted

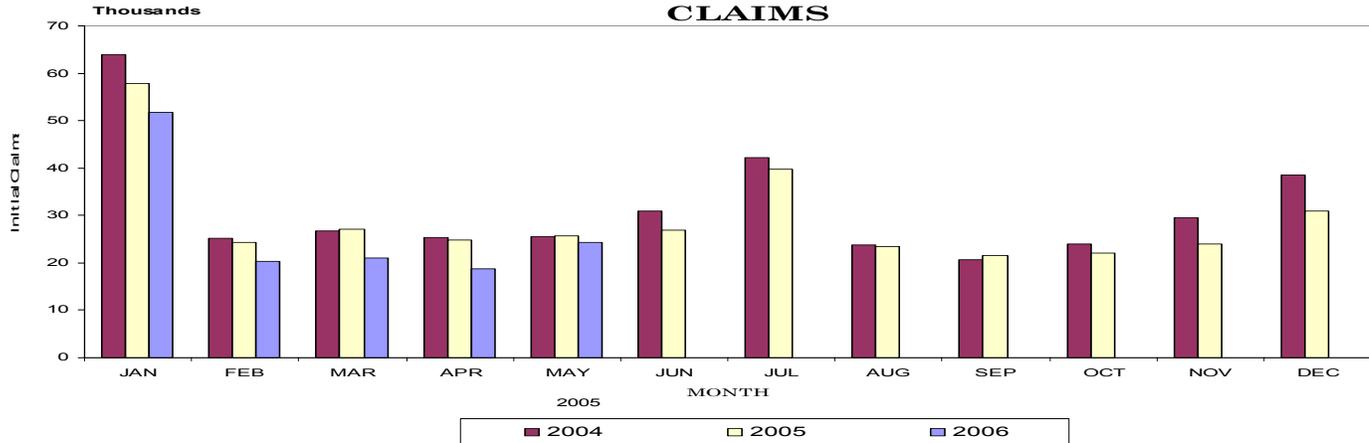
Unemployment Rates 1976-2005



Statewide

UNEMPLOYMENT INSURANCE ACTIVITIES

MONTHLY INITIAL CLAIMS



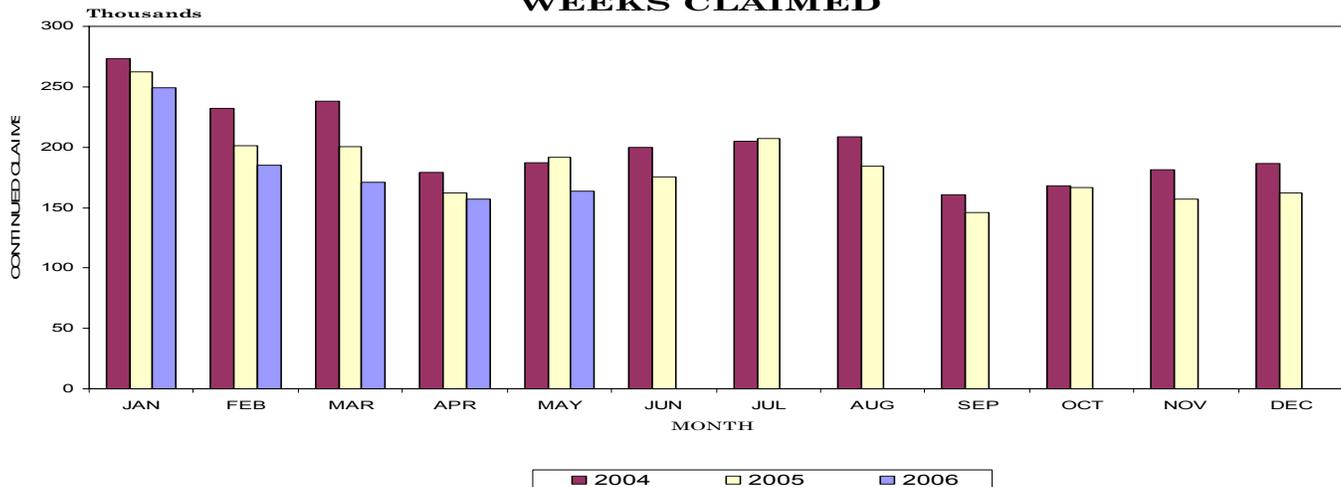
BENEFIT PROGRAMS

| STATE BENEFIT PROGRAM | | | | FEDERAL BENEFIT PROGRAMS | | | |
|-------------------------------|---------------|---------------|---------------|---------------------------|-----------|-----------|-----------|
| CLAIMS | May 2005 | Apr. 2006 | May 2006 | FORMER FEDERAL EMPLOYEES | May 2005 | Apr. 2006 | May 2006 |
| Initial Claims | 25,742 | 18,684 | 24,232 | Benefits Paid | \$269,342 | \$344,539 | \$363,192 |
| Continued Weeks Claimed | 191,378 | 157,153 | 163,771 | Benefit Weeks Claimed | 1,002 | 1,090 | 1,384 |
| Nonmonetary Determinations | 6,301 | 5,376 | 5,919 | Initial Claims | 102 | 102 | 103 |
| Appeals Decisions | 1,887 | 1,524 | 1,838 | Continued Weeks Claimed | 1,080 | 1,282 | 1,366 |
| Lower Authority | 1,644 | 1,303 | 1,558 | Appeals Decisions | 6 | 8 | 14 |
| Higher Authority | 243 | 221 | 280 | | | | |
| BENEFITS | | | | FORMER MILITARY PERSONNEL | | | |
| Amount Paid | \$38,440,317 | \$31,062,127 | \$32,580,861 | Benefits Paid | \$442,439 | \$776,539 | \$744,680 |
| Benefit Weeks Paid | 170,985 | 137,171 | 164,795 | Benefit Weeks Claimed | 1,569 | 2,487 | 2,746 |
| Average Weekly Benefit Amount | \$215 | \$217 | \$218 | Initial Claims | 138 | 129 | 175 |
| First Payments | 10,767 | 7,825 | 11,631 | Continued Weeks Claimed | 1,590 | 2,673 | 2,650 |
| Final Payments | 4,860 | 4,293 | 4,677 | Appeals Decisions | 5 | 3 | 4 |
| Average Weeks Duration | 13 | 14 | 14 | | | | |
| Trust Fund Balance* | \$697,371,351 | \$570,522,771 | \$715,617,220 | | | | |

*Trust Fund includes a one-time deposit in March 2002 of \$162 million of Reed Act funds.

CONTINUED WEEKS CLAIMED

MONTHLY CONTINUED WEEKS CLAIMED



Statewide

ESTIMATED NONFARM EMPLOYMENT (in thousands)

| Industry | Revised | | Preliminary | Net Change | |
|---|----------|------------|----------------|------------|-----------|
| | May 2005 | April 2006 | May 2006 | May 2005 | Apr. 2006 |
| Total Nonfarm | 2,754.7 | 2,782.7 | 2,788.8 | 34.1 | 6.1 |
| Total Private | 2,334.4 | 2,357.0 | 2,365.2 | 30.8 | 8.2 |
| Goods-Producing | 537.0 | 532.9 | 535.1 | -1.9 | 2.2 |
| Natural Resources & Mining | 4.2 | 4.3 | 4.3 | 0.1 | 0.0 |
| Construction | 121.6 | 122.8 | 124.8 | 3.2 | 2.0 |
| Manufacturing | 411.2 | 405.8 | 406.0 | -5.2 | 0.2 |
| Durable Goods Manufacturing | 256.2 | 253.5 | 253.3 | -2.9 | -0.2 |
| Wood Product Manufacturing | 17.5 | 17.6 | 17.7 | 0.2 | 0.1 |
| Nonmetallic Mineral Product Manufacturing | 16.0 | 16.2 | 16.3 | 0.3 | 0.1 |
| Primary Metal Manufacturing | 11.9 | 11.6 | 11.6 | -0.3 | 0.0 |
| Fabricated Metal Product Manufacturing | 42.6 | 43.8 | 43.5 | 0.9 | -0.3 |
| Machinery Manufacturing | 34.8 | 34.0 | 33.9 | -0.9 | -0.1 |
| Computer & Electronic Product Manufacturing | 10.5 | 9.4 | 9.4 | -1.1 | 0.0 |
| Electrical Equipment & Appliance Manufacturing | 23.6 | 23.1 | 23.2 | -0.4 | 0.1 |
| Transportation Equipment Manufacturing | 64.5 | 63.6 | 63.4 | -1.1 | -0.2 |
| Motor Vehicle Parts Manufacturing | 38.2 | 37.7 | 37.6 | -0.6 | -0.1 |
| Furniture & Related Product Manufacturing | 19.5 | 19.1 | 19.2 | -0.3 | 0.1 |
| Miscellaneous Manufacturing | 15.3 | 15.1 | 15.1 | -0.2 | 0.0 |
| Nondurable Goods Manufacturing | 155.0 | 152.3 | 152.7 | -2.3 | 0.4 |
| Food Manufacturing | 34.6 | 34.7 | 34.6 | 0.0 | -0.1 |
| Animal Slaughtering & Processing | 11.4 | 11.9 | 11.8 | 0.4 | -0.1 |
| Bakeries & Tortilla Manufacturing | 7.7 | 8.1 | 8.0 | 0.3 | -0.1 |
| Beverage & Tobacco Product Manufacturing | 5.4 | 5.2 | 5.1 | -0.3 | -0.1 |
| Textile Mills | 5.7 | 5.3 | 5.3 | -0.4 | 0.0 |
| Textile Product Mills | 4.1 | 4.0 | 4.1 | 0.0 | 0.1 |
| Apparel Manufacturing | 8.5 | 7.8 | 7.6 | -0.9 | -0.2 |
| Paper Manufacturing | 18.9 | 19.1 | 19.3 | 0.4 | 0.2 |
| Printing & Related Support Activities | 18.9 | 17.9 | 18.1 | -0.8 | 0.2 |
| Chemical Manufacturing | 27.4 | 27.1 | 27.2 | -0.2 | 0.1 |
| Plastics & Rubber Products Manufacturing | 29.3 | 29.2 | 29.5 | 0.2 | 0.3 |
| Plastics Product Manufacturing | 15.2 | 15.3 | 15.6 | 0.4 | 0.3 |
| Rubber Product Manufacturing | 14.1 | 13.9 | 13.9 | -0.2 | 0.0 |
| Service-Providing | 2,217.7 | 2,249.8 | 2,253.7 | 36.0 | 3.9 |
| Trade, Transportation, & Utilities | 595.8 | 604.1 | 606.0 | 10.2 | 1.9 |
| Wholesale Trade | 130.5 | 131.9 | 132.3 | 1.8 | 0.4 |
| Merchant Wholesalers, Durable Goods | 67.5 | 68.4 | 68.7 | 1.2 | 0.3 |
| Merchant Wholesalers, Nondurable Goods | 46.7 | 46.7 | 46.7 | 0.0 | 0.0 |
| Wholesale Electronic Markets | 16.3 | 16.8 | 16.9 | 0.6 | 0.1 |
| Retail Trade | 324.0 | 329.6 | 331.0 | 7.0 | 1.4 |
| Motor Vehicle & Parts Dealers | 43.5 | 44.6 | 44.8 | 1.3 | 0.2 |
| Furniture & Home Furnishings Stores | 9.8 | 10.3 | 10.2 | 0.4 | -0.1 |
| Building Material, Garden Equipment, & Supplies | 27.8 | 28.9 | 29.2 | 1.4 | 0.3 |
| Food & Beverage Stores | 45.8 | 44.1 | 44.3 | -1.5 | 0.2 |
| Health & Personal Care Stores | 21.5 | 22.6 | 22.8 | 1.3 | 0.2 |
| Gasoline Stations | 24.2 | 23.8 | 24.0 | -0.2 | 0.2 |
| Clothing & Clothing Accessories Stores | 30.0 | 30.8 | 30.9 | 0.9 | 0.1 |
| Sporting Goods, Hobby, Book, & Music Stores | 12.1 | 12.1 | 12.2 | 0.1 | 0.1 |
| General Merchandise Stores | 70.8 | 73.9 | 74.0 | 3.2 | 0.1 |
| Miscellaneous Store Retailers | 19.0 | 18.8 | 19.1 | 0.1 | 0.3 |
| Nonstore Retailers | 10.9 | 10.9 | 10.8 | -0.1 | -0.1 |
| Transportation, Warehousing, & Utilities | 141.3 | 142.6 | 142.7 | 1.4 | 0.1 |
| Utilities | 3.5 | 3.6 | 3.6 | 0.1 | 0.0 |
| Transportation & Warehousing | 137.8 | 139.0 | 139.1 | 1.3 | 0.1 |
| Truck Transportation | 62.6 | 63.8 | 63.7 | 1.1 | -0.1 |
| Information | 49.8 | 49.7 | 49.9 | 0.1 | 0.2 |
| Publishing Industries (except internet) | 14.7 | 14.8 | 14.7 | 0.0 | -0.1 |
| Telecommunications | 15.1 | 15.3 | 15.4 | 0.3 | 0.1 |
| Financial Activities | 143.7 | 144.0 | 144.6 | 0.9 | 0.6 |
| Finance & Insurance | 107.3 | 107.3 | 107.5 | 0.2 | 0.2 |
| Real Estate, Rental, & Leasing | 36.4 | 36.7 | 37.1 | 0.7 | 0.4 |
| Professional & Business Services | 308.8 | 314.4 | 313.6 | 4.8 | -0.8 |
| Professional, Scientific, & Technical Services | 101.7 | 107.2 | 104.7 | 3.0 | -2.5 |
| Management of Companies & Enterprises | 22.9 | 24.0 | 23.9 | 1.0 | -0.1 |
| Administrative, Support, & Waste Management | 184.2 | 183.2 | 185.0 | 0.8 | 1.8 |
| Educational & Health Services | 329.4 | 336.9 | 336.6 | 7.2 | -0.3 |
| Educational Services | 44.4 | 47.0 | 45.5 | 1.1 | -1.5 |
| Health Care & Social Assistance | 285.0 | 289.9 | 291.1 | 6.1 | 1.2 |
| Ambulatory Health Care Services | 105.5 | 107.8 | 108.3 | 2.8 | 0.5 |
| Hospitals | 88.5 | 90.6 | 90.7 | 2.2 | 0.1 |
| Nursing & Residential Care Facilities | 50.8 | 51.2 | 51.3 | 0.5 | 0.1 |
| Social Assistance | 40.2 | 40.3 | 40.8 | 0.6 | 0.5 |
| Leisure & Hospitality | 268.1 | 272.6 | 276.8 | 8.7 | 4.2 |
| Arts, Entertainment, & Recreation | 31.9 | 31.5 | 33.5 | 1.6 | 2.0 |
| Accommodation & Food Services | 236.2 | 241.1 | 243.3 | 7.1 | 2.2 |
| Accommodation | 34.8 | 35.9 | 36.0 | 1.2 | 0.1 |
| Food Services & Drinking Places | 201.4 | 205.2 | 207.3 | 5.9 | 2.1 |
| Other Services | 101.8 | 102.4 | 102.6 | 0.8 | 0.2 |
| Repair & Maintenance | 21.5 | 22.0 | 21.9 | 0.4 | -0.1 |
| Personal & Laundry Services | 24.9 | 24.5 | 24.6 | -0.3 | 0.1 |
| Government | 420.3 | 425.7 | 423.6 | 3.3 | -2.1 |
| Federal Government | 49.6 | 48.8 | 48.9 | -0.7 | 0.1 |
| State Government | 97.0 | 100.6 | 97.9 | 0.9 | -2.7 |
| State Government Educational Services | 49.5 | 52.0 | 49.6 | 0.1 | -2.4 |
| Local Government | 273.7 | 276.3 | 276.8 | 3.1 | 0.5 |
| Local Government Educational Services | 140.4 | 141.1 | 140.8 | 0.4 | -0.3 |

HOURS AND EARNINGS OF PRODUCTION WORKERS

AVERAGE WEEKLY EARNINGS

| Industry | May 2005 | Apr. 2006 | May 2006 |
|--|----------|-----------|----------|
| Manufacturing | \$557.03 | \$547.71 | \$558.58 |
| Durable Goods Manufacturing | \$557.83 | \$533.27 | \$542.10 |
| Fabricated Metal Product Manufacturing | \$600.46 | \$603.72 | \$611.84 |
| Machinery Manufacturing | \$500.61 | \$520.70 | \$531.94 |
| Nondurable Goods Manufacturing | \$554.00 | \$574.06 | \$583.23 |
| Food Manufacturing | \$489.34 | \$435.25 | \$458.08 |

AVERAGE WEEKLY HOURS

| Industry | May 2005 | Apr. 2006 | May 2006 |
|--|----------|-----------|----------|
| Manufacturing | 39.2 | 38.9 | 39.7 |
| Durable Goods Manufacturing | 38.9 | 38.2 | 39.0 |
| Fabricated Metal Product Manufacturing | 39.4 | 39.0 | 40.2 |
| Machinery Manufacturing | 37.0 | 38.8 | 39.2 |
| Nondurable Goods Manufacturing | 39.6 | 40.2 | 40.7 |
| Food Manufacturing | 36.6 | 35.3 | 35.9 |

AVERAGE HOURLY EARNINGS

| Industry | May 2005 | Apr. 2006 | May 2006 |
|--|----------|-----------|----------|
| Manufacturing | \$14.21 | \$14.08 | \$14.07 |
| Durable Goods Manufacturing | \$14.34 | \$13.96 | \$13.90 |
| Fabricated Metal Product Manufacturing | \$15.24 | \$15.48 | \$15.22 |
| Machinery Manufacturing | \$13.53 | \$13.42 | \$13.57 |
| Nondurable Goods Manufacturing | \$13.99 | \$14.28 | \$14.33 |
| Food Manufacturing | \$13.37 | \$12.33 | \$12.76 |

NONFARM EMPLOYMENT AND LABOR FORCE IN TENNESSEE

Tennessee's seasonally adjusted estimated unemployment rate for May was 5.4 percent, unchanged from the April rate. This is the 22nd consecutive month that the rate is above the national average.

The United States' unemployment rate was 4.6 percent in May 2006. In May 2005, the national unemployment rate was 5.1 percent, and the state's unemployment rate was 5.7 percent.

Across Tennessee, the not seasonally adjusted unemployment rate decreased in 83 counties, increased in five counties, and remained the same in seven counties. The lowest rate occurred in Williamson County at 3.1 percent, down 0.1 percent from the previous month. The highest rate was Lawrence County's 11.5 percent, down from 12 percent in April 2006.

(Continued on Page 6)

CIVILIAN LABOR FORCE

CIVILIAN LABOR FORCE SUMMARY

| May 2005 | | | | April 2006 | | | | Preliminary May 2006 | | | | |
|---------------------------------------|-------------|------------|-----------|-------------|-------------|------------|-----------|----------------------|-------------|------------|-----------|------|
| Labor Force | Employment | Unemployed | Rate | Labor Force | Employment | Unemployed | Rate | Labor Force | Employment | Unemployed | Rate | |
| Seasonally Adjusted | | | | | | | | | | | | |
| U.S. | 149,201,000 | 141,571,00 | 7,629,000 | 5.1 | 150,811,000 | 143,688,00 | 7,123,000 | 4.7 | 150,991,000 | 143,976,00 | 7,015,000 | 4.6 |
| TENNESSEE | 2,916,200 | 2,749,900 | 166,300 | 5.7 | 2,960,500 | 2,799,300 | 161,200 | 5.4 | 2,967,200 | 2,806,100 | 161,100 | 5.4 |
| Not Seasonally Adjusted | | | | | | | | | | | | |
| U.S. | 148,878,000 | 141,591,00 | 7,287,000 | 4.9 | 150,209,000 | 143,405,00 | 6,804,000 | 4.5 | 150,696,000 | 144,041,00 | 6,655,000 | 4.4 |
| TENNESSEE | 2,897,400 | 2,743,100 | 154,200 | 5.3 | 2,935,300 | 2,782,200 | 153,000 | 5.2 | 2,951,900 | 2,805,300 | 146,600 | 5.0 |
| Metropolitan Statistical Areas | | | | | | | | | | | | |
| Chattanooga | 250,290 | 238,620 | 11,670 | 4.7 | 254,800 | 243,470 | 11,330 | 4.4 | 255,570 | 244,310 | 11,260 | 4.4 |
| Clarksville | 103,970 | 97,980 | 5,990 | 5.8 | 106,290 | 99,570 | 6,710 | 6.3 | 106,000 | 100,290 | 5,710 | 5.4 |
| Cleveland | 53,630 | 50,840 | 2,790 | 5.2 | 54,370 | 51,560 | 2,810 | 5.2 | 54,720 | 52,040 | 2,680 | 4.9 |
| Jackson | 53,610 | 50,710 | 2,900 | 5.4 | 54,740 | 51,840 | 2,890 | 5.3 | 55,040 | 52,170 | 2,860 | 5.2 |
| Johnson City | 95,940 | 91,050 | 4,890 | 5.1 | 96,970 | 92,320 | 4,650 | 4.8 | 97,620 | 93,270 | 4,350 | 4.5 |
| Kingsport-Bristol | 141,240 | 133,960 | 7,280 | 5.2 | 141,520 | 134,710 | 6,810 | 4.8 | 141,830 | 135,370 | 6,460 | 4.6 |
| Knoxville | 335,510 | 321,300 | 14,210 | 4.2 | 341,750 | 327,520 | 14,230 | 4.2 | 344,390 | 330,960 | 13,430 | 3.9 |
| Memphis | 596,540 | 560,110 | 36,430 | 6.1 | 601,560 | 566,660 | 34,910 | 5.8 | 605,670 | 571,310 | 34,360 | 5.7 |
| Morristown | 62,730 | 59,330 | 3,400 | 5.4 | 63,410 | 59,830 | 3,590 | 5.7 | 63,920 | 60,470 | 3,450 | 5.4 |
| Nashville | 738,040 | 705,590 | 32,440 | 4.4 | 756,470 | 724,180 | 32,280 | 4.3 | 761,300 | 730,170 | 31,140 | 4.1 |
| Micropolitan Statistical Areas | | | | | | | | | | | | |
| Athens | 23,910 | 22,600 | 1,310 | 5.5 | 24,020 | 22,630 | 1,390 | 5.8 | 24,110 | 22,800 | 1,320 | 5.5 |
| Brownsville | 9,150 | 8,430 | 720 | 7.9 | 9,210 | 8,590 | 630 | 6.8 | 9,160 | 8,580 | 580 | 6.3 |
| Columbia | 35,580 | 33,600 | 1,980 | 5.6 | 35,260 | 33,490 | 1,770 | 5.0 | 35,490 | 33,820 | 1,670 | 4.7 |
| Cookeville | 48,720 | 46,190 | 2,530 | 5.2 | 49,710 | 46,980 | 2,740 | 5.5 | 49,560 | 46,930 | 2,630 | 5.3 |
| Crossville | 22,370 | 21,110 | 1,260 | 5.6 | 22,290 | 21,050 | 1,240 | 5.5 | 22,440 | 21,280 | 1,150 | 5.1 |
| Dyersburg | 17,230 | 16,180 | 1,050 | 6.1 | 17,110 | 16,050 | 1,070 | 6.2 | 17,140 | 16,120 | 1,020 | 6.0 |
| Greeneville | 32,060 | 29,430 | 2,640 | 8.2 | 32,350 | 29,660 | 2,690 | 8.3 | 32,220 | 29,800 | 2,410 | 7.5 |
| Harriman | 25,400 | 23,980 | 1,420 | 5.6 | 25,520 | 24,090 | 1,430 | 5.6 | 25,670 | 24,360 | 1,320 | 5.1 |
| Humboldt | 20,780 | 18,930 | 1,850 | 8.9 | 20,630 | 19,050 | 1,580 | 7.7 | 20,850 | 19,270 | 1,580 | 7.6 |
| LaFollette | 16,870 | 15,930 | 940 | 5.6 | 17,110 | 16,030 | 1,070 | 6.3 | 17,150 | 16,160 | 990 | 5.8 |
| Lawrenceburg | 17,560 | 16,250 | 1,310 | 7.4 | 16,970 | 14,930 | 2,040 | 12.0 | 16,950 | 15,010 | 1,950 | 11.5 |
| Lewisburg | 12,630 | 11,920 | 710 | 5.6 | 12,420 | 11,630 | 800 | 6.4 | 12,380 | 11,620 | 760 | 6.1 |
| Martin | 15,500 | 14,550 | 950 | 6.1 | 15,520 | 14,610 | 900 | 5.8 | 15,650 | 14,740 | 900 | 5.8 |
| McMinnville | 18,440 | 17,100 | 1,350 | 7.3 | 17,710 | 15,950 | 1,760 | 9.9 | 17,540 | 15,900 | 1,640 | 9.3 |
| Newport | 15,670 | 14,580 | 1,080 | 6.9 | 15,890 | 14,710 | 1,180 | 7.5 | 15,960 | 14,920 | 1,040 | 6.5 |
| Paris | 14,170 | 13,190 | 980 | 6.9 | 13,700 | 12,700 | 1,000 | 7.3 | 13,770 | 12,830 | 940 | 6.8 |
| Sevierville | 44,230 | 42,040 | 2,180 | 4.9 | 44,990 | 42,580 | 2,410 | 5.3 | 45,540 | 43,470 | 2,080 | 4.6 |
| Shelbyville | 21,430 | 20,410 | 1,020 | 4.7 | 21,500 | 20,480 | 1,020 | 4.8 | 21,540 | 20,530 | 1,000 | 4.7 |
| Tullahoma | 48,140 | 45,720 | 2,420 | 5.0 | 48,730 | 46,050 | 2,680 | 5.5 | 48,970 | 46,420 | 2,550 | 5.2 |
| Union City | 18,410 | 17,320 | 1,090 | 5.9 | 18,320 | 17,270 | 1,050 | 5.7 | 18,370 | 17,360 | 1,010 | 5.5 |

(Continued from Page 5) Total nonfarm employment increased by 34,100 jobs from May 2005 to May 2006. During this period, there were increases in accommodation/food services (up 7,100 jobs), which includes an increase of 5,900 jobs in food services/drinking places; retail trade (up 7,000 jobs), which includes an increase of 3,200 jobs in general merchandise stores, 1,400 jobs in building material/garden equipment/supplies, and 1,300 in both health/personal care stores and motor vehicle/parts dealers; health care/social assistance (up 6,100 jobs), which includes an increase of 2,800 jobs in

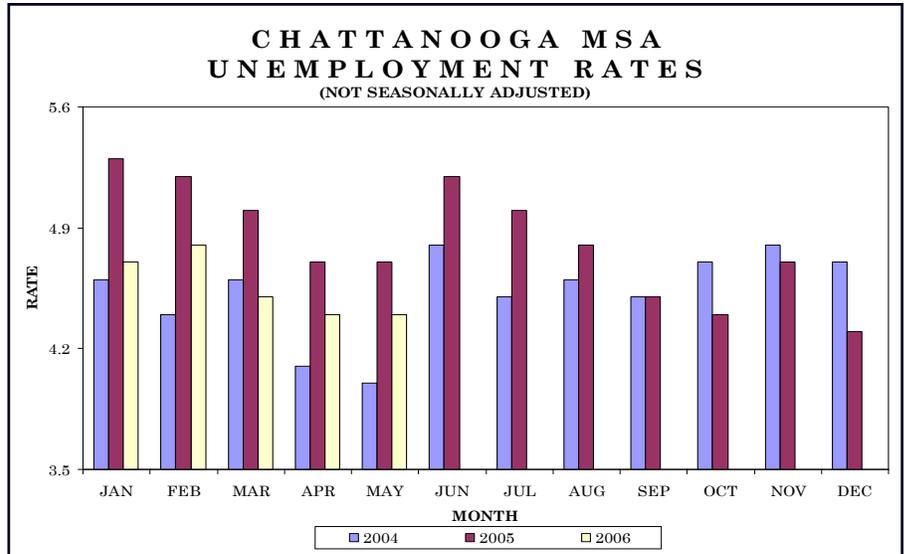
ambulatory health care services and 2,200 jobs in hospitals; professional/business services (up 4,800 jobs), which includes an increase of 3,000 jobs in professional/scientific/technical services; construction (up 3,200 jobs); local government (up 3,100 jobs); wholesale trade (up 1,800 jobs), which includes an increase of 1,200 jobs in durable goods merchant wholesalers; and arts/entertainment/recreation (up 1,600 jobs). This was partially offset by declines of 1,500 jobs in food/beverage stores, and 1,100 jobs in both computer/electronic product manufacturing and transportation equipment manufacturing.

During May, nonfarm employment increased by 6,100 jobs. There were seasonal increases in leisure/hospitality (up 4,200 jobs), which includes an increase of 2,100 jobs in food services/drinking places; construction (up 2,000 jobs); administrative/support/waste management (up 1,800 jobs); retail trade (up 1,400 jobs); and health care/social assistance (up 1,200 jobs). This was partially offset by declines in state government (down 2,700 jobs), professional/scientific/technical services (down 2,500 jobs), and educational services (down 1,500 jobs).

The data from all the nonfarm employment estimates tables include all full- and part-time nonfarm wage and salary employees who worked during or received pay for any part of the pay period that includes the 12th of the month. This is a count of jobs by place of work. Agricultural workers, proprietors, self-employed persons, workers in private households, and unpaid family workers are excluded. These numbers may not add due to rounding. Data are based on the 2005 benchmark.

Total nonfarm employment increased by 200 jobs from April 2006 to May 2006. There were seasonal increases in financial activities and professional/business services (both up 200 jobs). This was completely offset by declines in educational/health services (down 400 jobs) and state government (down 200 jobs). There were many increases of less than 200 jobs that offset these totals.

During the past 12 months, nonfarm employment increased by 3,600 jobs. During that time, goods-producing jobs declined by 100, and service-providing jobs increased by 3,700.



HOURS AND EARNINGS OF PRODUCTION WORKERS

CHATTANOOGA MSA

| Industry | Average Weekly Earnings | | | Average Weekly Hours | | | Average Hourly Earnings | | |
|--------------------------------|-------------------------|-----------|----------|----------------------|-----------|----------|-------------------------|-----------|----------|
| | May 2005 | Apr. 2006 | May 2006 | May 2005 | Apr. 2006 | May 2006 | May 2005 | Apr. 2006 | May 2006 |
| Manufacturing | \$534.14 | \$533.95 | \$530.66 | 41.6 | 41.2 | 41.2 | \$12.84 | \$12.96 | \$12.88 |
| Durable Goods Manufacturing | \$563.18 | \$565.73 | \$562.72 | 40.4 | 40.7 | 40.6 | \$13.94 | \$13.90 | \$13.86 |
| Nondurable Goods Manufacturing | \$509.92 | \$506.24 | \$503.27 | 42.6 | 41.7 | 41.8 | \$11.97 | \$12.14 | \$12.04 |

ESTIMATED NONFARM EMPLOYMENT (in thousands)

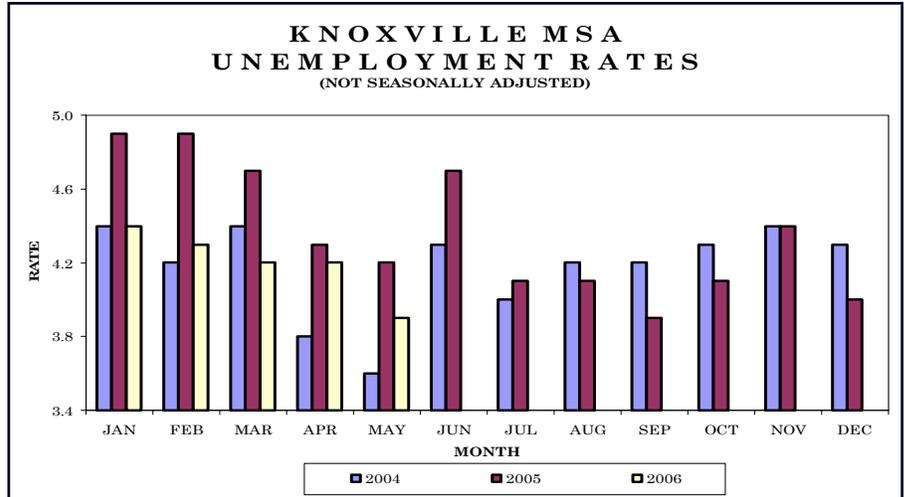
| Industry | May 2005 | Revised | Preliminary | Net Change | |
|--|----------|------------|-------------|------------|-----------|
| | | April 2006 | May 2006 | May 2005 | Apr. 2006 |
| Total Nonfarm | 241.2 | 244.6 | 244.8 | 3.6 | 0.2 |
| Total Private | 206.2 | 209.0 | 209.4 | 3.2 | 0.4 |
| Goods-Producing | 45.9 | 45.8 | 45.8 | -0.1 | 0.0 |
| Natural Resources, Mining, & Construction | 10.8 | 10.6 | 10.7 | -0.1 | 0.1 |
| Manufacturing | 35.1 | 35.2 | 35.1 | 0.0 | -0.1 |
| Durable Goods Manufacturing | 16.0 | 16.2 | 16.1 | 0.1 | -0.1 |
| Nondurable Goods Manufacturing | 19.1 | 19.0 | 19.0 | -0.1 | 0.0 |
| Food Manufacturing | 6.4 | 6.5 | 6.4 | 0.0 | -0.1 |
| Textile Mills | 4.5 | 4.2 | 4.2 | -0.3 | 0.0 |
| Service-Providing | 195.3 | 198.8 | 199.0 | 3.7 | 0.2 |
| Trade, Transportation, & Utilities | 55.7 | 57.1 | 57.2 | 1.5 | 0.1 |
| Wholesale Trade | 8.9 | 9.1 | 9.0 | 0.1 | -0.1 |
| Retail Trade | 26.2 | 27.0 | 27.1 | 0.9 | 0.1 |
| General Merchandise Stores | 6.0 | 6.3 | 6.3 | 0.3 | 0.0 |
| Transportation, Warehousing, & Utilities | 20.6 | 21.0 | 21.1 | 0.5 | 0.1 |
| Information | 2.7 | 2.6 | 2.7 | 0.0 | 0.1 |
| Financial Activities | 18.6 | 18.7 | 18.9 | 0.3 | 0.2 |
| Professional & Business Services | 25.7 | 25.8 | 26.0 | 0.3 | 0.2 |
| Professional, Scientific, & Technical Services | 8.2 | 8.7 | 8.8 | 0.6 | 0.1 |
| Management of Companies & Enterprises | 3.9 | 3.9 | 3.9 | 0.0 | 0.0 |
| Administrative, Support, & Waste Management | 13.6 | 13.2 | 13.3 | -0.3 | 0.1 |
| Educational & Health Services | 24.3 | 25.1 | 24.7 | 0.4 | -0.4 |
| Leisure & Hospitality | 22.6 | 23.2 | 23.3 | 0.7 | 0.1 |
| Accommodation & Food Services | 19.7 | 20.0 | 20.1 | 0.4 | 0.1 |
| Other Services | 10.7 | 10.7 | 10.8 | 0.1 | 0.1 |
| Government | 35.0 | 35.6 | 35.4 | 0.4 | -0.2 |
| Federal Government | 6.4 | 6.3 | 6.3 | -0.1 | 0.0 |
| State Government | 5.8 | 6.1 | 5.9 | 0.1 | -0.2 |
| Local Government | 22.8 | 23.2 | 23.2 | 0.4 | 0.0 |



Knoxville MSA - Anderson, Blount, Knox, Loudon, Union

Total nonfarm employment increased by 1,000 jobs from April 2006 to May 2006. There were seasonal increases in leisure/hospitality (up 700 jobs), which includes 400 jobs in accommodation/food services; retail trade (up 300 jobs); and educational/health services and transportation/warehousing/utilities (both up 200 jobs). This was partially offset by declines in state government (down 500 jobs) and professional/business services (down 200 jobs).

During the past 12 months, nonfarm employment increased by 6,100 jobs. During that time, goods-producing jobs increased by 100 jobs, while service-providing jobs increased by 6,000.



HOURS AND EARNINGS OF PRODUCTION WORKERS KNOXVILLE MSA

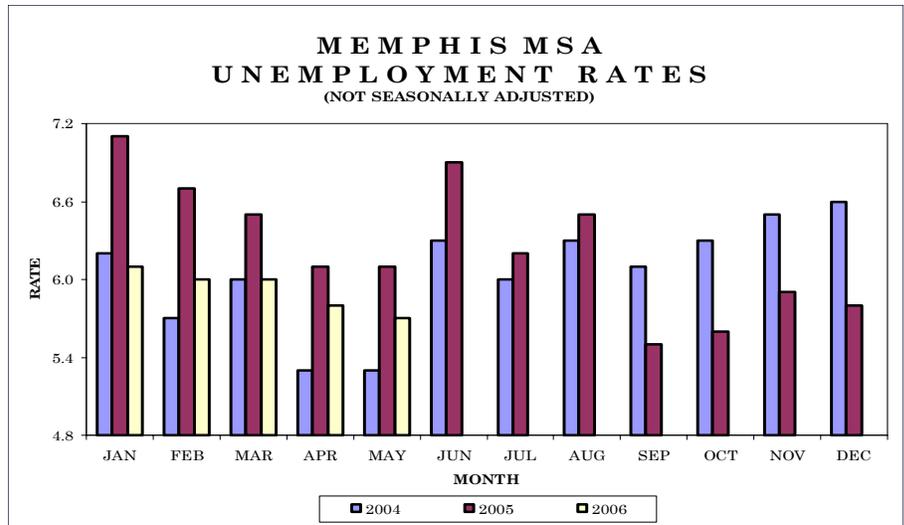
| Industry | Average Weekly Earnings | | | Average Weekly Hours | | | Average Hourly Earnings | | |
|--------------------------------|-------------------------|-----------|----------|----------------------|-----------|----------|-------------------------|-----------|----------|
| | May 2005 | Apr. 2006 | May 2006 | May 2005 | Apr. 2006 | May 2006 | May 2005 | Apr. 2006 | May 2006 |
| Manufacturing | \$596.70 | \$612.30 | \$623.71 | 39.0 | 39.0 | 39.5 | \$15.30 | \$15.70 | \$15.79 |
| Durable Goods Manufacturing | \$672.71 | \$672.52 | \$690.12 | 39.9 | 39.7 | 40.5 | \$16.86 | \$16.94 | \$17.04 |
| Nondurable Goods Manufacturing | \$426.56 | \$478.13 | \$476.69 | 36.9 | 37.5 | 37.3 | \$11.56 | \$12.75 | \$12.78 |

ESTIMATED NONFARM EMPLOYMENT (in thousands)

| Industry | May 2005 | Revised | Preliminary | Net Change | |
|---|----------|------------|--------------|------------|-----------|
| | | April 2006 | May 2006 | May 2005 | Apr. 2006 |
| Total Nonfarm | 326.7 | 331.8 | 332.8 | 6.1 | 1.0 |
| Total Private | 274.2 | 278.6 | 280.0 | 5.8 | 1.4 |
| Goods-Producing | 54.9 | 55.0 | 55.0 | 0.1 | 0.0 |
| Natural Resources, Mining, & Construction | 16.4 | 16.8 | 16.8 | 0.4 | 0.0 |
| Manufacturing | 38.5 | 38.2 | 38.2 | -0.3 | 0.0 |
| Durable Goods Manufacturing | 28.6 | 28.3 | 28.3 | -0.3 | 0.0 |
| Fabricated Metal Product Manufacturing | 8.3 | 8.2 | 8.2 | -0.1 | 0.0 |
| Transportation Equipment Manufacturing | 8.8 | 8.9 | 9.0 | 0.2 | 0.1 |
| Nondurable Goods Manufacturing | 9.9 | 9.9 | 9.9 | 0.0 | 0.0 |
| Service-Providing | 271.8 | 276.8 | 277.8 | 6.0 | 1.0 |
| Trade, Transportation, & Utilities | 69.5 | 70.3 | 70.8 | 1.3 | 0.5 |
| Wholesale Trade | 15.8 | 15.9 | 15.9 | 0.1 | 0.0 |
| Retail Trade | 43.3 | 44.1 | 44.4 | 1.1 | 0.3 |
| Food & Beverage Stores | 5.8 | 5.5 | 5.6 | -0.2 | 0.1 |
| General Merchandise Stores | 9.2 | 9.3 | 9.3 | 0.1 | 0.0 |
| Transportation, Warehousing, & Utilities | 10.4 | 10.3 | 10.5 | 0.1 | 0.2 |
| Information | 5.9 | 6.0 | 6.0 | 0.1 | 0.0 |
| Financial Activities | 17.2 | 17.8 | 17.9 | 0.7 | 0.1 |
| Professional & Business Services | 39.2 | 39.6 | 39.4 | 0.2 | -0.2 |
| Administrative, Support, & Waste Management | 19.8 | 19.8 | 19.9 | 0.1 | 0.1 |
| Educational & Health Services | 38.8 | 39.9 | 40.1 | 1.3 | 0.2 |
| Leisure & Hospitality | 34.9 | 35.9 | 36.6 | 1.7 | 0.7 |
| Accommodation & Food Services | 31.3 | 32.4 | 32.8 | 1.5 | 0.4 |
| Food Services & Drinking Places | 28.5 | 29.9 | 30.2 | 1.7 | 0.3 |
| Other Services | 13.8 | 14.1 | 14.2 | 0.4 | 0.1 |
| Government | 52.5 | 53.2 | 52.8 | 0.3 | -0.4 |
| Federal Government | 5.1 | 5.1 | 5.1 | 0.0 | 0.0 |
| State Government | 18.9 | 19.6 | 19.1 | 0.2 | -0.5 |
| Local Government | 28.5 | 28.5 | 28.6 | 0.1 | 0.1 |

Total nonfarm employment decreased by 100 jobs from April 2006 to May 2006. There were seasonal declines in state government (down 1,500 jobs), professional/scientific/technical services (down 300 jobs), and local government (down 200 jobs). This was partially offset by increases in natural resources/mining/construction (up 600 jobs); accommodation/food services (up 500 jobs), which includes an increase of 400 jobs in food services/drinking places; and administrative/support/waste management, transportation/warehousing/utilities, and health care/social assistance (all up 200 jobs).

During the last 12 months, there was an increase of 7,900 jobs. During that time, goods-producing declined by 200, and service-providing jobs increased by 8,100.



HOURS AND EARNINGS OF PRODUCTION WORKERS

MEMPHIS MSA

| Industry | Average Weekly Earnings | | | Average Weekly Hours | | | Average Hourly Earnings | | |
|--------------------------------|-------------------------|-----------|----------|----------------------|-----------|----------|-------------------------|-----------|----------|
| | May 2005 | Apr. 2006 | May 2006 | May 2005 | Apr. 2006 | May 2006 | May 2005 | Apr. 2006 | May 2006 |
| Manufacturing | \$598.02 | \$602.49 | \$594.54 | 41.3 | 40.3 | 40.5 | \$14.48 | \$14.95 | \$14.68 |
| Durable Goods Manufacturing | \$548.57 | \$513.99 | \$537.23 | 40.1 | 38.3 | 39.1 | \$13.68 | \$13.42 | \$13.74 |
| Nondurable Goods Manufacturing | \$642.78 | \$685.75 | \$648.74 | 42.4 | 42.2 | 41.8 | \$15.16 | \$16.25 | \$15.52 |

ESTIMATED NONFARM EMPLOYMENT (in thousands)

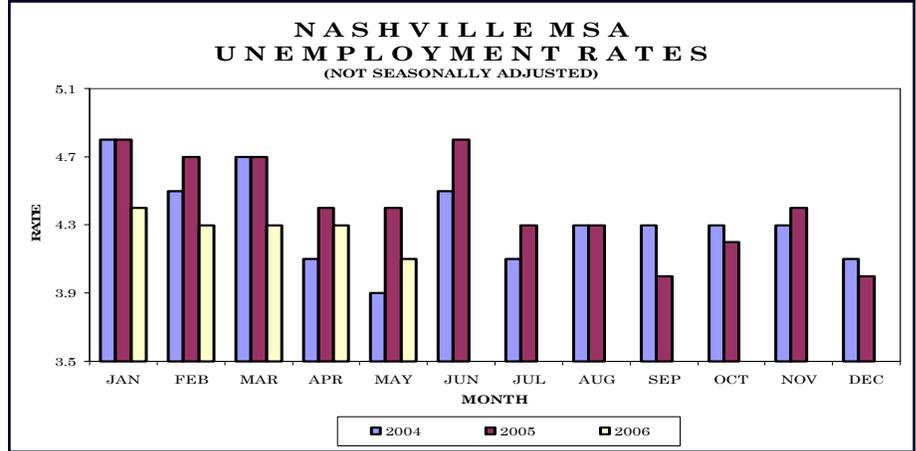
| Industry | May 2005 | Revised | Preliminary | Net Change | |
|--|----------|------------|--------------|------------|-----------|
| | | April 2006 | May 2006 | May 2005 | Apr. 2006 |
| | | 2006 | 2006 | May 2006 | May 2006 |
| Total Nonfarm | 626.1 | 634.1 | 634.0 | 7.9 | -0.1 |
| Total Private | 536.2 | 542.6 | 544.3 | 8.1 | 1.7 |
| Goods-Producing | 80.0 | 79.1 | 79.8 | -0.2 | 0.7 |
| Natural Resources, Mining, & Construction | 26.0 | 25.5 | 26.1 | 0.1 | 0.6 |
| Manufacturing | 54.0 | 53.6 | 53.7 | -0.3 | 0.1 |
| Durable Goods Manufacturing | 25.6 | 25.6 | 25.6 | 0.0 | 0.0 |
| Nondurable Goods Manufacturing | 28.4 | 28.0 | 28.1 | -0.3 | 0.1 |
| Service-Providing | 546.1 | 555.0 | 554.2 | 8.1 | -0.8 |
| Trade, Transportation, & Utilities | 170.6 | 173.5 | 173.9 | 3.3 | 0.4 |
| Wholesale Trade | 37.4 | 37.6 | 37.7 | 0.3 | 0.1 |
| Retail Trade | 69.9 | 72.0 | 72.1 | 2.2 | 0.1 |
| Food & Beverage Stores | 9.7 | 9.9 | 9.9 | 0.2 | 0.0 |
| General Merchandise Stores | 13.9 | 14.8 | 14.7 | 0.8 | -0.1 |
| Transportation, Warehousing, & Utilities | 63.3 | 63.9 | 64.1 | 0.8 | 0.2 |
| Truck Transportation | 15.4 | 15.6 | 15.7 | 0.3 | 0.1 |
| Warehousing & Storage | 8.1 | 8.4 | 8.4 | 0.3 | 0.0 |
| Information | 8.3 | 8.3 | 8.3 | 0.0 | 0.0 |
| Financial Activities | 32.9 | 32.4 | 32.5 | -0.4 | 0.1 |
| Professional & Business Services | 77.2 | 79.3 | 79.2 | 2.0 | -0.1 |
| Professional, Scientific, & Technical Services | 19.1 | 19.7 | 19.4 | 0.3 | -0.3 |
| Management of Companies & Enterprises | 4.9 | 5.1 | 5.1 | 0.2 | 0.0 |
| Administrative, Support, & Waste Management | 53.2 | 54.5 | 54.7 | 1.5 | 0.2 |
| Educational & Health Services | 74.0 | 75.0 | 75.1 | 1.1 | 0.1 |
| Health Care & Social Assistance | 63.8 | 64.9 | 65.1 | 1.3 | 0.2 |
| Hospitals | 24.6 | 24.9 | 25.0 | 0.4 | 0.1 |
| Leisure & Hospitality | 68.4 | 69.9 | 70.4 | 2.0 | 0.5 |
| Accommodation & Food Services | 60.9 | 62.8 | 63.3 | 2.4 | 0.5 |
| Food Services & Drinking Places | 41.8 | 43.2 | 43.6 | 1.8 | 0.4 |
| Other Services | 24.8 | 25.1 | 25.1 | 0.3 | 0.0 |
| Government | 89.9 | 91.5 | 89.7 | -0.2 | -1.8 |
| Federal Government | 15.5 | 15.0 | 14.9 | -0.6 | -0.1 |
| State Government | 15.3 | 17.1 | 15.6 | 0.3 | -1.5 |
| Local Government | 59.1 | 59.4 | 59.2 | 0.1 | -0.2 |



Nashville MSA — Cannon, Cheatham, Davidson, Dickson, Hickman, Macon, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson, Wilson

Total nonfarm employment increased by 700 jobs from April to May. There were seasonal increases in leisure/hospitality (up 700 jobs), which includes an increase of 400 jobs in accommodation/food services and 300 jobs in arts/entertainment/recreation; natural resources/mining/construction (up 600 jobs); health care/social assistance, administrative/support/waste management, and retail trade (all up 300 jobs); and financial activities (up 200 jobs).

This was partially offset by declines in state government (down 600 jobs), professional/scientific/technical services (down 400 jobs), other services and local government (both down 300 jobs), and educational services and electrical equipment/appliance manufacturing (both down 200 jobs).



HOURS AND EARNINGS OF PRODUCTION WORKERS NASHVILLE MSA

| Industry | Average Weekly Earnings | | | Average Weekly Hours | | | Average Hourly Earnings | | |
|--------------------------------|-------------------------|-----------|----------|----------------------|-----------|----------|-------------------------|-----------|----------|
| | May 2005 | Apr. 2006 | May 2006 | May 2005 | Apr. 2006 | May 2006 | May 2005 | Apr. 2006 | May 2006 |
| Manufacturing | \$570.78 | \$573.39 | \$588.24 | 39.5 | 38.9 | 39.8 | \$14.45 | \$14.74 | \$14.78 |
| Durable Goods Manufacturing | \$607.91 | \$602.40 | \$615.14 | 40.5 | 40.0 | 40.9 | \$15.01 | \$15.06 | \$15.04 |
| Nondurable Goods Manufacturing | \$490.31 | \$514.17 | \$532.88 | 37.4 | 36.7 | 37.5 | \$13.11 | \$14.01 | \$14.21 |

ESTIMATED NONFARM EMPLOYMENT (in thousands)

| Industry | May 2005 | Revised | Preliminary | Net Change | |
|--|----------|------------|--------------|----------------------|-----------------------|
| | | April 2006 | May 2006 | May 2005 May 2006 | Apr. 2006 May 2006 |
| Total Nonfarm | 733.2 | 750.2 | 750.9 | 17.7 | 0.7 |
| Total Private | 635.6 | 650.0 | 651.6 | 16.0 | 1.6 |
| Goods-Producing | 120.6 | 121.4 | 121.9 | 1.3 | 0.5 |
| Natural Resources, Mining, & Construction | 36.1 | 36.7 | 37.3 | 1.2 | 0.6 |
| Manufacturing | 84.5 | 84.7 | 84.6 | 0.1 | -0.1 |
| Durable Goods Manufacturing | 57.9 | 57.9 | 57.9 | 0.0 | 0.0 |
| Computer & Electronic Product Manufacturing | 4.6 | 4.7 | 4.6 | 0.0 | -0.1 |
| Electrical Equipment & Appliance Manufacturing | 7.5 | 7.6 | 7.4 | -0.1 | -0.2 |
| Transportation Equipment Manufacturing | 19.6 | 19.8 | 19.7 | 0.1 | -0.1 |
| Nondurable Goods Manufacturing | 26.6 | 26.8 | 26.7 | 0.1 | -0.1 |
| Service-Providing | 612.6 | 628.8 | 629.0 | 16.4 | 0.2 |
| Trade, Transportation, & Utilities | 148.3 | 151.7 | 152.2 | 3.9 | 0.5 |
| Wholesale Trade | 36.0 | 36.9 | 37.0 | 1.0 | 0.1 |
| Retail Trade | 84.4 | 87.2 | 87.5 | 3.1 | 0.3 |
| Food & Beverage Stores | 11.5 | 11.6 | 11.7 | 0.2 | 0.1 |
| General Merchandise Stores | 16.9 | 17.6 | 17.6 | 0.7 | 0.0 |
| Transportation, Warehousing, & Utilities | 27.9 | 27.6 | 27.7 | -0.2 | 0.1 |
| Information | 19.5 | 20.0 | 20.0 | 0.5 | 0.0 |
| Financial Activities | 45.4 | 46.2 | 46.4 | 1.0 | 0.2 |
| Finance & Insurance | 34.6 | 35.3 | 35.4 | 0.8 | 0.1 |
| Real Estate, Rental, & Leasing | 10.8 | 10.9 | 11.0 | 0.2 | 0.1 |
| Professional & Business Services | 95.1 | 99.0 | 98.9 | 3.8 | -0.1 |
| Professional, Scientific, & Technical Services | 33.7 | 35.0 | 34.6 | 0.9 | -0.4 |
| Management of Companies & Enterprises | 7.0 | 7.1 | 7.1 | 0.1 | 0.0 |
| Administrative, Support, & Waste Management | 54.4 | 56.9 | 57.2 | 2.8 | 0.3 |
| Educational & Health Services | 101.9 | 104.5 | 104.6 | 2.7 | 0.1 |
| Educational Services | 22.2 | 23.1 | 22.9 | 0.7 | -0.2 |
| Health Care & Social Assistance | 79.7 | 81.4 | 81.7 | 2.0 | 0.3 |
| Hospitals | 27.5 | 28.0 | 27.9 | 0.4 | -0.1 |
| Leisure & Hospitality | 75.2 | 77.4 | 78.1 | 2.9 | 0.7 |
| Arts, Entertainment, & Recreation | 9.9 | 9.7 | 10.0 | 0.1 | 0.3 |
| Accommodation & Food Services | 65.3 | 67.7 | 68.1 | 2.8 | 0.4 |
| Accommodation | 11.6 | 12.4 | 12.5 | 0.9 | 0.1 |
| Food Services & Drinking Places | 53.7 | 55.3 | 55.6 | 1.9 | 0.3 |
| Other Services | 29.6 | 29.8 | 29.5 | -0.1 | -0.3 |
| Government | 97.6 | 100.2 | 99.3 | 1.7 | -0.9 |
| Federal Government | 11.5 | 11.4 | 11.4 | -0.1 | 0.0 |
| State Government | 29.0 | 30.2 | 29.6 | 0.6 | -0.6 |
| Local Government | 57.1 | 58.6 | 58.3 | 1.2 | -0.3 |

Nonfarm Employment (Smaller MSAs)

| | Clarksville, TN-KY MSA | | Cleveland, TN MSA | | Jackson, TN MSA | |
|--------------------------------------|------------------------|--------------------|---------------------|--------------------|---------------------|--------------------|
| | Apr. '06 Revised | May '06 Prelim. | Apr. '06 Revised | May '06 Prelim. | Apr. '06 Revised | May '06 Prelim. |
| Total Nonfarm | 83,500 | 83,700 | 42,600 | 43,000 | 62,300 | 61,800 |
| Total Private | 65,500 | 65,500 | 36,500 | 36,700 | 50,400 | 50,000 |
| Goods-Producing | 16,600 | 16,500 | 11,600 | 11,700 | 14,700 | 14,700 |
| Service-Providing | 66,900 | 67,200 | 31,000 | 31,300 | 47,600 | 47,100 |
| Private Service-Providing | 48,900 | 49,000 | 24,900 | 25,000 | 35,700 | 35,300 |
| Natural Resources/Construction | 3,000 | 3,000 | 1,700 | 1,800 | 3,200 | 3,300 |
| Manufacturing | 13,600 | 13,500 | 9,900 | 9,900 | 11,500 | 11,400 |
| Durable Goods | 9,500 | 9,500 | 5,600 | 5,600 | 7,600 | 7,500 |
| Nondurable Goods | 4,100 | 4,000 | 4,300 | 4,300 | 3,900 | 3,900 |
| Trade/Transportation/Utilities | 15,700 | 15,900 | 7,200 | 7,200 | 13,200 | 13,200 |
| Wholesale Trade | 1,800 | 1,900 | 1,700 | 1,700 | 2,700 | 2,700 |
| Retail Trade | 11,300 | 11,400 | 4,500 | 4,500 | 8,000 | 8,000 |
| General Merchandise Stores | 3,400 | 3,400 | NA | NA | NA | NA |
| Transportation/Warehousing/Utilities | 2,600 | 2,600 | 1,000 | 1,000 | 2,500 | 2,500 |
| Information | 1,400 | 1,400 | 300 | 300 | 700 | 700 |
| Financial Activities | 2,600 | 2,600 | 1,700 | 1,700 | 1,800 | 1,800 |
| Professional/Business Services | 8,200 | 7,700 | 4,300 | 4,300 | 4,000 | 3,900 |
| Educational/Health Services | 9,100 | 9,100 | 4,800 | 4,800 | 8,200 | 7,800 |
| Leisure/Hospitality | 8,800 | 9,200 | 4,200 | 4,300 | 5,500 | 5,600 |
| Other Services | 3,100 | 3,100 | 2,400 | 2,400 | 2,300 | 2,300 |
| Government | 18,000 | 18,200 | 6,100 | 6,300 | 11,900 | 11,800 |
| Federal Government | 5,100 | 5,200 | 300 | 400 | 600 | 600 |
| State Government | 3,500 | 3,500 | 700 | 700 | 1,800 | 1,800 |
| Local Government | 9,400 | 9,500 | 5,100 | 5,200 | 9,500 | 9,400 |

| | Johnson City, TN MSA | | Kingsport/Bristol, TN-VA MSA | | Morristown, TN MSA | |
|--------------------------------------|----------------------|--------------------|------------------------------|--------------------|---------------------|--------------------|
| | Apr. '06 Revised | May '06 Prelim. | Apr. '06 Revised | May '06 Prelim. | Apr. '06 Revised | May '06 Prelim. |
| Total Nonfarm | 82,600 | 82,600 | 121,500 | 121,700 | 51,600 | 51,800 |
| Total Private | 66,400 | 66,700 | 105,400 | 105,500 | 44,800 | 45,000 |
| Goods-Producing | 14,200 | 14,200 | 32,500 | 32,600 | 17,900 | 18,000 |
| Service-Providing | 68,400 | 68,400 | 89,000 | 89,100 | 33,700 | 33,800 |
| Private Service-Providing | 52,200 | 52,500 | 72,900 | 72,900 | 26,900 | 27,000 |
| Natural Resources/Construction | 3,100 | 3,200 | 7,200 | 7,300 | 1,700 | 1,700 |
| Manufacturing | 11,100 | 11,000 | 25,300 | 25,300 | 16,200 | 16,300 |
| Durable Goods | NA | NA | 11,900 | 11,900 | 11,100 | 11,200 |
| Nondurable Goods | NA | NA | 13,400 | 13,400 | NA | NA |
| Trade/Transportation/Utilities | 13,900 | 14,000 | 24,800 | 24,900 | 10,400 | 10,400 |
| Wholesale Trade | 2,900 | 2,900 | 5,400 | 5,400 | 2,000 | 2,000 |
| Retail Trade | 9,800 | 9,900 | 14,800 | 14,900 | 5,700 | 5,700 |
| General Merchandise Stores | NA | NA | NA | NA | NA | NA |
| Transportation/Warehousing/Utilities | 1,200 | 1,200 | 4,600 | 4,600 | 2,700 | 2,700 |
| Information | 2,600 | 2,600 | 1,800 | 1,800 | 700 | 700 |
| Financial Activities | 4,400 | 4,400 | 4,100 | 4,100 | 2,000 | 2,000 |
| Professional/Business Services | 9,400 | 9,200 | 9,000 | 8,800 | 4,000 | 4,100 |
| Educational/Health Services | 11,300 | 11,500 | 16,700 | 16,700 | 5,100 | 5,100 |
| Leisure/Hospitality | 7,800 | 8,000 | 12,000 | 12,100 | 3,000 | 3,000 |
| Other Services | 2,800 | 2,800 | 4,500 | 4,500 | 1,700 | 1,700 |
| Government | 16,200 | 15,900 | 16,100 | 16,200 | 6,800 | 6,800 |
| Federal Government | 2,200 | 2,200 | 1,200 | 1,200 | 300 | 300 |
| State Government | 6,100 | 5,800 | 2,300 | 2,300 | 1,400 | 1,400 |
| Local Government | 7,900 | 7,900 | 12,600 | 12,700 | 5,100 | 5,100 |

Clarksville MSA is Montgomery County, Stewart County, Christian County, KY, & Trigg County, KY. **Cleveland MSA** is Bradley & Polk counties. **Jackson MSA** is Chester & Madison counties. **Johnson City MSA** is Carter, Unicoi, & Washington counties. **Kingsport-Bristol MSA** is Hawkins County, Sullivan County, Scott County, VA, Washington County, VA, & Bristol City, VA. **Morristown MSA** is Grainger, Hamblen, & Jefferson counties.

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U.S. Consumer Price Index May 2006

| Group | Index | Percent Change | |
|---|-------|----------------|---------|
| | | Yearly | Monthly |
| U.S. City Average | | | |
| All Items (1982-84=100) / All Urban Consumers | 202.5 | 4.2 | 0.5 |
| All Items (1982-84=100) / Wage Earners & Clerical Workers | 198.2 | 4.3 | 0.5 |
| South | | | |
| All Items (1982-84=100) / All Urban Consumers | 195.5 | 4.4 | 0.4 |
| All Items (1982-84=100) / Wage Earners & Clerical Workers | 192.9 | 4.7 | 0.4 |

